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Brand Leverage Strategy throughout Sport Championship and Amusement: The Case of Banyuwangi Festival 2013

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Abstract

The study aims to investigate the factors influence of brand leverage of city of Banyuwangi throughout Banyuwangi Festival in 2013. Little study on how to leverage the city brand except corporate brand is the phenomena behind this research. It means that the brand extension based upon parent brand has potentially leverage the value of product or service as well as the city. Purposive sampling was used to collect the information with number of sample of 100 respondents. Using binomial Logistic regression, the result shows that Cultural performances (Festival Kuwung) and Sport Event (Tour de Ijen) likely to improve the brand leverage at 5% alpha level.

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1. Introduction

1.1. Background

Many firm uses branding as a strategic tool to leverage their product and services to face competition in global space. The strategy currently is not only in profit oriented manufacture but also in the government sector to position their city on tourist mind and prospective investors. Rizzi and Dioli (2010, p. 40), pointed that "...cities are great in competition and try as best they can to attract investment, business, residents and tourist...". This means that cities

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play the strategic role on social, cultural, economy, education and tourism. This phenomenon is then supported by the decentralization of the sub district and provinces around the country.

The decentralization system of the Government of Indonesia (GoI) allows districts to compete on their development of physical infrastructure and welfare one with others. This is in line with the act of *Otonomi Daerah* No.32/ 2004 about decentralization. The act rules the province or district around the country to manage territory. Accordingly, Mayors of provinces and districts then start to explore resources in efforts to improve district's income. In macro level, this will be expected to improve local development and welfare of their community by exploring resources.

The effort on employing resources through developing customer satisfaction and loyalty and possessing market leader expected to affect their financial performance. Marketing resources have their role on developing competitive advantage and firm performance afterwards (Graham J. Hooley, Gordon E. Greenley, John W. Cadogana, & Fahy, 2005). In specific place marketing, the practice of exploring marketing resources is about the talent of manager in the area on improving value of the place. Kavaratzis and Ashworth (2005) argue that the strong effort to configure unique-designed place identity needs to be promoted by government to the discovered markets. One of the promotion strategy is that by employing an event marketing in which the factors of both internal and external coming from an ancient civilization. For example, Athena has been popular as the Olympic City since 1940es. This is in line with the statement of scholar that the process of transfer images or basic function of the city is enhanced when the brand meet the event (Gwinner & John, 1999; Moise, Georgescu, & Zgură, 2012)

The strategy of place promotion and identity through the event marketing are not the new issues in Indonesia. Some slogan exists in developing their image like Jogjakarta as Never Ending Asia, Bandung as Paris Pan Java, and Solo as The Spirit of Java. Most slogans promoted accordingly to face the celebration of Indonesian's Independent Day. This means that the event is a marketing tool to satisfy the customer's expectation and image's development of the city/country. Consumer will store their experience and able to describe the cities in brief. Further, the concept of event marketing aims to promote a territory to meet the occupant and visitor demand as a target market. Indeed, development of event marketing of the country as holiday destination supports the brand of the country/ cities as well as product and services. Naming of the cities (branding) and image development are expected to leverage the value of cities from the old to the new one which has value as competitive advantage.

1.2 Problem Statement

The country's image development strategy have been commonly used to improve competitive advantage of nations in order to attract devisa from tourism (Kavaratzis & Ashworth, 2005). This is the challenge of the districts to promote their potential marketable naming by organizing event marketing.

Banyuwangi Festival is an event marketing organized by the local government through the sport event, amusement and religious event. This event is practically being strategic tool for the district of Banyuwangi to promote the city. The aim is to leverage the brand image from generic to be one marketable brand of Banyuwangi. However project of city branding mostly focusses on the development of myth or ideology of the city that possesses the mind of costumer such as; Solo as Never Ending Asia, Malaysia as Truly Asia etc. This raise the research questions what factor influences on leveraging brand of the city throughout an Event marketing of sport and amusement in Banyuwangi Festival 2013?

2. Review of Literature

2.1 Brand Leverage Strategy

Study on branding mostly refers to corporate branding. "Corporate brand as the firm that will deliver and stand behind the offering that consumer will buy and use" (Aaker, 2004: pp. 6). This means that the brand play important role within the brand portfolio and has flexibility access to the organizational well as product association. In this case maximize the role of parent brands and extension brand will be part of the way on generating brand leverage strategy.

Brand leverage strategy currently very is common in business and marketing and being scholarly focus of concern. Many researchers and authors study on brand as strategic platform of the firm (Aaker, 2004; Kapferer; Simon &

Sullivan, 1988; Tauber, 1988). Some specific studies concerning on brand leverage throughout brand extension to improve performance (Sobodh & Srinivas, 2001; Vanitha, 2001).

Vanitha (2001) focuses the study on the context of choice behavioural influence of a new brand extension introduction instead of multiple brand extension. Using national scanner data, author examines the impact of consumer's trial on parent brand and reuses the brand extension. The research shows positive impacts of extension trial on choice of parent brand among non-users and its influence on market share. Vanitha (2001) also find a potential negative impact of multiplicative inverse of unsuccessful extension. In other words, the significant influence of experiencing parent brand would relate to extension trial instead of extension repeat. This means that the brand extension based upon parent brand has potentially leverage the value of product or service. Improvement of market share /visitors would be indication of the leverage.

In contrast, scholar studies on the wide of brand to be stretched in reasonable meaning (Sobodh & Srinivas, 2001). Using a model to specify the role of parent brand in consumer's belief and influence in consumer's opinion, the research underlined that attributes of parent brand association has more significant role rather than the impact of parent brand in attitude formation extension. Scholars suggest that both of parent and extension which has similarities has no impact in extension evaluation. For great success, manager has to connect extension to attribute associations and image of parent brand in the mind of consumers.

Aaker (2004) and Tauber (1993) mentioned that the brand needs a leverage because its explicitly and unambiguously represent an organization as well as product. This means that the role of brand is a blood of the corporate. Brand has their chance to develop extension in order to maximize value of the corporate and minimize the risk accordingly. In case of tourism product and services (experience), country brand is operationalized and fused (Gnoth, 2002). For the long run, when the marketing environment changes, such as shift in consumer behaviour, competitive strategy and government regulation will affect the fortune of the brand (Keller, 1999).

It can be concluded that revitalization and process of emerges of the city/country brand associates visitor's experience with products and services. The link to use such facility like amusement and exhibition as event marketing is very important.

2.2 Study on Event Marketing

Little study concerning on the event marketing in relation to brand leveraging strategy. Moise et al. (2012) mentioned that events is a non-standard services which is crucially required by the provider to reach the participants. Operator of the event needs to employ knowledge, behaviour and commitment to meet costumer's satisfaction. Satisfaction of the event includes place management system and its role, event venue and design, and also volunteers and staff with complex interaction. In Indonesia, accordingly, study on the customer's satisfaction towards the events conducted by district of Banyuwangi will provide new findings.

Indonesian Research Division of PPM (2008) found that event marketing is the effective ways to leverage product image and improve sales by 14,6% and engage new customer by 12,2%. Event marketing has some benefits such as (a) strengthening brand positioning and image, (b) engage competitor's customers (brand switching), (c) show of power compared to competitor, (d) maintain and improve customer's loyalty. Further, on managing the event, needs the well design on organizing the event that can be done through the four steps; decision, detailed planning, implementation and evaluation (Moise et al., 2012 ; Yeoman, Robertson, Ali-Knight, Drummond, & McMahon-Beattie, 2004). Studies conducted by researchers on this topic inspired author to investigate how the power of brand triggers the marketing organization into deeper and more valuable action. In other word, how brand powerfully sticks consumer's mind and leverage himself (brand) faster and further out of black box.

Although studies concerning on branding strategy being very common, it is rare doing the research on the same topic for government organization such as city branding. Majority focusing on product and service business with profit oriented. Success city branding (from event marketing) potentially improve visitors of tourist from overseas such as the experience of Italy (Belloso, 2011), Statistic shows the raise of visitors in four cities of Italy; Genoa, Turin, Piacenza dan Venice with increase by 12.4%, 42.0% , 107.0% and 10.7 % in the periods of 2000 s/d 2006 (Rizzi & Dioli, 2010).

2.3 Conceptual Framework

The conceptual framework of this research is developed with aims to answer the research questions. Figure 1 presents the framework to identify the factors that influence the brand Leverage of Banyuwangi through event marketing.

2.4 Hypotheses

To identify the causal relationship between sports events, cultural events and religious carnival towards brand leverage of Banyuwangi, following are the hypotheses:

Ha1-7: *Event Marketing* of sport activities influence positively to *Brand leverage of* Banyuwangi.

Ha3-8: *Event Marketing* of Cultural and art exhibition activities influence positively to Brand leverage of Banyuwangi

Ha9-10: *Event Marketing* of religious carnival influence positively to *Brand leverage of* Banyuwangi

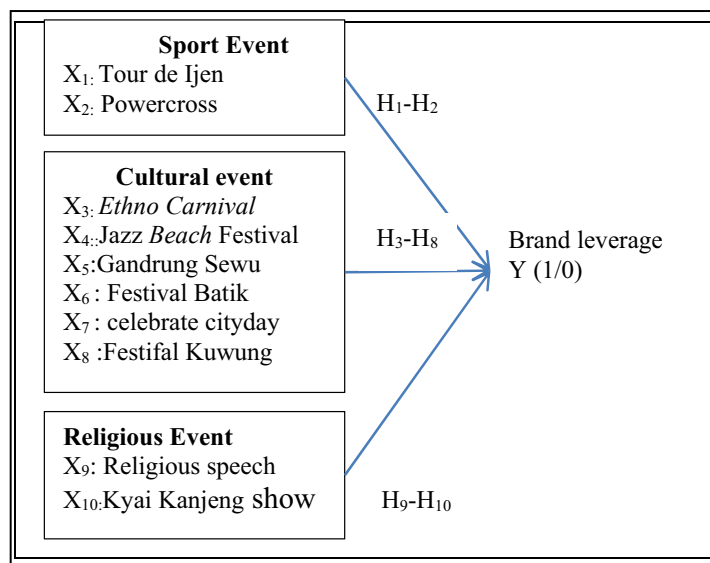


Figure 1. Conceptual Framework

3. Research Method

Type of the research is *explanatory research* by which the research investigate and testing the hypotheses towards the dependent from independent variables (Aaker David, Kumar, & Day, 1995). This research investigate of cause-and-effect relationships between sport event, cultural event and religious carnival towards brand leverage of Banyuwangi

3.1 The Data

Cross-sectional data in this research is an ordinal data collected from the respondent through the questionnaire. Indicators used in questionnaire are about an event marketing of Banyuwangi Festival in 2013 towards brand leverage of Banyuwangi district. Opinion of respondent measured using Likert scale (Dawes, 2007). The scale ranges from 1 (strongly disagree) to 5 (strongly agree) respondent asked to give their opinion. In order to collect favorable data, the

questionnaire were tested using both validity (GFI >0.5) and reliability (Cronbach alpha 0.6-0.7) (Cooksey, 2007, p. 299). Logit must not meet classical assumption with ratio and interval types of data (Cooksey, 2007; Field, 2005; Joseph F. Hair, Black, Babin, & Anderson, 2010)

3.2 Population and Sampling Method

Population in this research is the people who involved in the Banyuwangi Festival 2013 Purposive sampling have been used to this research with 100 sample was drawn based upon the number of indicator (1:10) (Joseph F. Hair et al., 2010). The sample must meet the following condition; (1) at least once visit event of sport championship, exhibition and or religious speech, (2) stay for a while in Banyuwangi during the festival.

The questionnaires were distributed by students to the respondent at one period of time (cross section) during September-October 2013. The students asking permission to respondent to fill the questionnaire and wait until it has been completed.

3.3 Metods of Analysis

Logistic Regression (Logit) has been used to analyze data and test the hypothesis. Hosmer and Lemeshow (2005) mentioned that logit is a part of statistical analysis of Generalized Linier *Model* (GLM) that produce predictive equation. To evaluate the model fit some statistical parameters have been use such as Chis-square (X^2) at Hosmer and Lemeshow test ≥ 0.05 , X^2 at the omnibus test block (G_M) with; $p \leq 0.05$, and also *pseudo* R^2 (Nagelkerke R^2) (Menard, 2002). When testing the hypotheses, we use some parameters estimation (Wald X^2 ; $p \leq 0.05$) with Loglikelihood (ExpB) value on measuring how independent variables likely influence the dependent variable individually. However, type of this analysis can be categorized as the non linier multivariate analysis with the aims to predict the probability of being yes (1) or no (0).

The predicted variable (y) is the leverage of the brand of Banyuwangi while the predictors are the events sport marketing (X_1 and X_2), event cultural exhibition (X_3 to X_8) and event of religious (X_9 and X_{10}). Using maximum significant level of 90% the likelihood on the leverage are measured.

4. Findings and Discussion

4.1 Characteristics of Respondent

Figure 2 presents the uni-variate data analysis of characteristics of respondent by age, place of origin and sex. Seventy percent of respondent are male means that male have more chances to watch the festival which is mostly operationalized out bound. Based upon the place of origins, 70% of respondent coming from districts of Banyuwangi means that outsiders have not interested yet to come and along to the festival. Majority of respondent ages at the ranges of 17-22 years old with 42%. This is the young ages of customer that have curiosity and appetite on tasting and sightseeing.

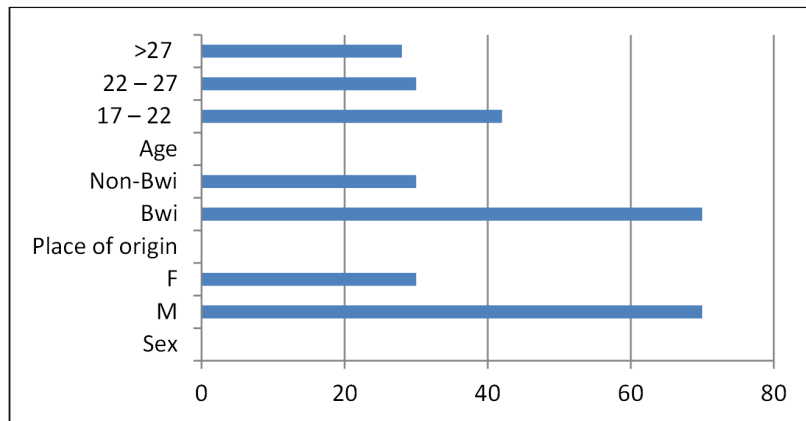


Figure 2. Characteristics of Respondent

4.2 Hypotheses Testing

Table 1 presents the output of Logit analysis on influencing factors of brand leverage in Banyuwangi. Sixty six percent (66%) responses predicted correctly with overall model fit, $G_M = \text{model } X^2 = 16.035$ and significant at $p = 0.099$. The value of X^2 at omnibus test is close to $p = 0.1$, means that the data will fit the model at 10% significant level. Another model fit indicator, Hosmer and Lemeshow test shows the value of $X^2 = 16.020$, $p = 0.042$ which is ≤ 0.05 significant level, means that the model is not good fit enough. This cause a few number of variables at Wald Significant at minimum of 0.10%. The strength of the predictors in the model indicated by Nagelkerke $R^2 = 0.200$. This means that all predictors have their power to predict the leverage of the brand only 20%, Wald Sig, statistical test produce the result on hypotheses testing.

Statistical analysis on hypotheses testing whether sports, cultural and religious event influences the leverage of brand of Banyuwangi is also presented in Table 1. Only two out of 10 variables indicated to have influence on predicting the leverage of the brand of Banyuwangi through event marketing. Firstly, Tour de Ijen influences the leverage of brand of Banyuwangi with Wald Sig = 4.508, $\alpha = 0.034$ and $\text{Exp}(B) = 0.370$. Hypothesis 1 is accepted at $\alpha \leq 0.05$ means that Tour de Ijen as the event marketing of sport activities likely to influence brand leverage by 0.37 times. This research findings supported by Vanitha (2001) mentioned that the parent brand (Banyuwangi Festival) strongly impacted the brand extension of Tour de Ijen. This is in line with experience of Italy (Rizzi & Dioli, 2010).

In fact, characteristics of respondents provide valuable information which is majority male that mostly like to face challenge on adventure. Secondly, Kuwung Festival has significant influence with Wald Sig = 7.611, $\alpha = 0.006$ and $\text{Exp}(B) = 1.669$. Hypothesis 8 is accepted at $\alpha < 0.05$, means that Festival Kuwung likely to influence brand leverage by 1.669 times. The finding occurs with the research conducted by Moise et al. (2012) and Yeoman et al. (2004). Both authors mentioned that influencing factors of brand leverage are the event venue and complex task of staff and also the culture. This variable has a bigger chance to leverage the brand due to most of customer coming from local Banyuwangi.

Table 1. Logistics Regression Analysis Result of Factors Influence of Brand Leverage

Dependent Variable	Association Predictive Effect	Independent Variables	B	S.E	Wald	df	Sig	Exp(B)
Y(1/0)	G _M = 16.035	Tour de ijen	-.996	.469	4.508	1	.034***	.370
Brand leverage ^a	(p = 0.099)	Powercross	.280	.408	.469	1	.493	1.323
		Hosmer and Lemeshow test = 0.020	-.420	.350	1.440	1	.230	.657
		Jazz Beach Festival	-.051	.226	.050	1	.823	.951
	(p= 0.042)	Gandrung sewu	-.219	.409	.287	1	.592	.803
		Festifal batik	.097	.374	.068	1	.795	1.102
		Banyuwangi day	.038	.353	.012	1	.914	1.039
	Cox & Snell R ² = 1.48 Nagelkerke R ² =0.20	Kuwung Festival	.512	.186	7.611	1	.006***	1.669
		Religious speech	.136	.239	.323	1	.570	1.145
		Kiai kanjeng	.023	.220	.011	1	.918	1.023
		Constant	3.465	3.808	.828	1	.363	31.979

a = ref category is 0

*** sig at $\alpha \leq 0.05$

5. Conclusion and Recommendation

The research study produces following conclusions:

1. Parent brand of Banyuwangi festival depends on brand extension of Tour de Ijen and Festival Kuwung. Both events need to be maintained professionally in order not to lose brand leverage.
2. Brand leverage of Banyuwangi influenced by Tour de Ijen and Festival Kuwung and this would become a new city branding.
3. Brand image developed by customer depends on the service and venue and also the complex task include the staff of local government.

Recommendation of the research:

1. District of Banyuwangi needs to pay more attentions to succeed Tour de Ijen and Festival Kuwung events and strengthen its city branding.
2. District of Banyuwangi needs to improve their service and venue in order to stretch the parent brand of Banyuwangi Festival and consider the age of teenager of customers.
3. Further study on the same topic with different research approach and sufficient number of sample will produce a better result and enrich the literature.

6. Limitation

Lack of theoretical behind event marketing on brand leverage triggers the needs of further research to be able to make a strong generalization of the findings.

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